ANNUAL REPORT
1987-88

Alberta Petroleum Incentives Program Fund

ENERGY
Alberta Petroleum Incentives Program

Alberta
ENERGY

Office of the Minister

228 Legislature Building, Edmonton, Alberta, Canada T5K 2B6 403/427-3740

March, 1989

The Honourable D. Carter
Speaker of the Legislative
Assembly of Alberta

Sir:

In accordance with section 2(6) of the Petroleum Incentives Program Act, I have the honour to submit the seventh annual report of the Alberta Petroleum Incentives Program Fund for the fiscal year ended March 31, 1988.

Respectfully submitted,

Neil Webber

Neil Webber
Minister of Energy

89-04918/

Alberta
ENERGY

Deputy Minister of Energy Resources

Petroleum Plaza South Tower, 9915 - 108 Street, Edmonton, Alberta, Canada T5K 2C9 403/427-7727

March, 1989

The Honourable N. Webber
Minister of Energy
228 Legislature Building
Edmonton, Alberta
T5K 2B6

Sir:

I have the honour of presenting to you the seventh annual report of the Alberta Petroleum Incentives Program Fund for the fiscal year ended March 31, 1988.

Respectfully submitted,

M. F. Kanik
Deputy Minister
Energy Resources

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General Background Information

The Alberta Petroleum Incentives Program (APIP) was created by the Petroleum Incentives Program Act passed by the Alberta Legislature in November 1981, subsequent to the Canada/Alberta Memorandum of Agreement Relating to Energy Pricing and Taxation signed in September 1981. Under the terms of the Agreement, Alberta undertook to administer and fund the portion of the federal Petroleum Incentives Program applying to oil and natural gas exploration and development activities in Alberta. The federal Petroleum Incentives Program was created in October 1980, to provide cash grants to Canadian owned and controlled companies in lieu of the earned depletion allowances provisions of the corporate income tax system.

APIP's objective was to encourage the exploration and development of Alberta's petroleum and natural gas resources. The program also supported work on tertiary oil recovery projects. Under the program, eligible applicants obtained APIP incentive payments equal to a percentage of their incurred eligible costs and expenses, including exploration and development expenses for oil and gas wells; geological and geophysical expenses, and development drilling and asset costs related to tertiary oil recovery projects.

The APIP office was located in Calgary, where the majority of headquarter operations associated with Alberta's oil and gas industry are located. The program is being wound up and the Calgary office has now been closed.

Summary of Activities

A look back ... fiscal year 1987-88

During the fiscal year, the period for filing applications for APIP incentives, as well as for filing corrections to previously filed applications, was extended from December 31, 1987 to March 31, 1988.

As a result of this extension, applicants filed for incentives to the end of the fiscal year. From the beginning of the program to March 31, 1988, 43,060 APIP applications were filed and 42,978 were processed. Incentives totalling $2,220 million were paid for the following activities:

ACTIVITIES	(MILLION)
Exploration Drilling	$1,299
Development Drilling	445
Geological Geophysical and Geochemical	261
Asset Costs, Unit Agreements and Drilling Contributions	85
Overhead	130
TOTAL INCENTIVES	$2,220

Auditor's Report

ALBERTA LEGISLATURE

OFFICE OF THE AUDITOR GENERAL

AUDITOR'S REPORT

To the Minister of Energy

I have examined the balance sheet of the Alberta Petroleum Incentives Program Fund as at March 31, 1988 and the statement of revenue and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Donald D. Salmon
C.A.
Auditor General

Edmonton, Alberta
August 25, 1988

Alberta Petroleum Incentives Program Fund
Balance Sheet
As at March 31, 1988

	1988	1987
ASSETS		
Current:		
Cash	$ 1,530,375	$ 2,550,338
Incentive grant overpayments receivable (Note 3)	18,107,290	25,716,214
Due from the General Revenue Fund	37,718,911	29,558,201
	$ 57,356,576	$ 57,824,753
LIABILITIES		
Current:		
Incentives grants payable	$ 57,356,576	$ 57,824,753

The accompanying notes are part of these financial statements.

Alberta Petroleum Incentives Program Fund
Statement of Revenue and Expenditure
For the year ended March 31, 1988

	1988	1987
REVENUE		
Transfer of non-renewable resource revenue from the General Revenue Fund	$ 76,210,430	$ 231,139,766
Interest	7,171,253	6,534,036
	83,381,683	237,673,802
EXPENDITURE		
Incentive grants:		
Exploration	28,254,042	111,895,613
Geophysical	16,713,025	31,383,020
Asset cost	14,225,634	5,807,940
Unit agreement	3,649,989	5,171,804
Development	2,162,702	53,473,859
Overhead allowance	9,174,386	23,181,467
	74,179,778	230,913,703
Administration expenses (Note 4)	5,049,720	6,612,653
Provision for doubtful debts	4,152,185	147,446
	83,381,683	237,673,802
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